

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6600**

**BILL NUMBER:** SB 420

**NOTE PREPARED:** Dec 21, 2012

**BILL AMENDED:**

**SUBJECT:** Resident Tuition Rate.

**FIRST AUTHOR:** Sen. Rogers

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill provides that an individual who meets certain criteria is eligible for the resident tuition rate. The bill requires the individual to verify that the individual meets the criteria.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** *Summary:* The number of students who might qualify for in-state tuition under the bill is unknown. Under the current higher education budget formula, the inclusion of additional resident students could affect higher education appropriations in future bienniums. There would be no fiscal impact for the FY 2014-FY 2015 biennium. The impact in later bienniums is probably minor, but would depend on the higher education formula used in the future.

**Background:** The current higher education budget formula uses the following factors to determine the biennial appropriation for each state educational institution: (1) overall degree completion; (2) at-risk student degree completion; (3) high-impact degree completion; (4) student persistence; (5) remediation success; (6) on-time graduation; (7) an institution-defined productivity metric; and (8) the institution's base year appropriation. The performance metrics are based on a 4-year rolling average to measure the change from the previous biennium. Due to the 4-year rolling average of the performance metrics, the impact of the bill on the state appropriations is expected to be minor and would not occur until the FY 2016-FY 2017 biennial budget.

For FY 2014, 6% of the higher education budget is based on the performance metrics and 94% is based on the base year appropriation. The Commission for Higher Education (CHE) has increased the performance metrics

percentage to 7% for FY 2015.

The higher education operating budget recommended by the CHE for the FY 2014-FY 2015 biennium is about \$1.26 B per year.

**Explanation of State Revenues:** This bill will allow individuals who meet certain criteria to receive the resident tuition rate to attend a state educational institution. As a result, this bill could decrease tuition revenue received from individuals who are not lawfully present in the United States and currently pay, or prospectively would pay, a nonresident tuition rate. The difference between in-state and out-of-state tuition is between \$4,200 and \$10,000 per year, depending on the state educational institution.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** State educational institutions.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Bill Brumbach, 232-9559.